Policy on Disinvestment

3250. DR. K. MALAISAMY: Will the Minister of FINANCE be pleased to state:

(a) the present stage of Government policy on disinvestment and privatisation of Public Sector Enterprises;

(b) whether in the wake of liberalization, privatization and globalisation that are widely acknowledged, the slow process or nil progress of disinvestment and privatization will hamper the economy and interest of the country; and

(c) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) The National Common Minimum Programme (NCMP) adopted by the Government outlines the policy of the Government with respect to the Public Sector, including disinvestment of Government's equity in Central Public Sector Enterprises (CPSEs). The salient features of NCMP in this regard are as follows:—

(i) The Government is committed to a strong and effective public sector whose social objectives are met by its commercial functioning, But for this, there is need for selectively and a strategic focus. The Government is pledged to develope full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment. Generally profit-making companies will not be privatised.

(ii) All privatization will be considered on a transparent and consultative case-by-case basis. The Government will retain existing "navratna" companies in the public sector while these companies raise resources from the capital market. While every effort will be made to modernize and restructure sick public sector companies and revive sick industry, chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation. The Government will induct private industry to turn around companies that have potential for revival.

(iii) The Government believes that privatization should increase competition, not decrease it. It will not support the emergence

of any monopoly that only restricts competition. It also believes that there must be a direct link between privatization and social needs—like, for example, the use of privatization revenues for designated social sector schemes. Public sector companies and nationalized banks will be encouraged to enter the capital market to raise resources and offer new investment avenues to retail investors.

Government has decided, in principle, to list profitable CPSEs each with a Net Worth in excess of Rs. 200 crore on domestic stock exchanges and to selectively sell small portions of equity in listed, profitable CPSEs (other than the navratnas). Government has decided to disinvest 5% out of its equity shareholding of 100 per cent in Power Finance Corporation Ltd. (PFC) and also to disinvest 15% out of its equity shareholding of 98.384% in National Mineral Development Corporation Ltd. (NMDC) through 'Offer for Sale' in the domestic market. The disinvestment by Government in PFC would be through piggy-back on the public issue being done by PFC.

(b) and (c) Do not arise in view of (a) above.

Loan facilities to SSIs

3251. SKRI ABU ASIM AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken any action to grant interest or problem free loans from the banks to the small scale industries;

(b) if so, the details thereof;

(c) whether National Manufacturing Competitive Council has recommended to Government for loan facilities to the small scale industries; and

(d) if so, the details thereof and the decision taken by Government in this regard? •

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) A "Policy Package on Stepping up credit to SME sector" has been announced in the Parliament on August 10,2005 which *inter alia* includes fixing self targets for funding Small and Medium Enterprises (SMEs) to achieve a minimum 20% year